

CALIFORNIA INFRASTRUCTURE AND ECONOMIC DEVELOPMENT BANK (I-BANK)

STAFF REPORT

SUMMARY

Staff recommends the Board approve an extension of the term of the agreement between the I-Bank and Cooperative Personnel Services (CPS) to allow CPS additional time to complete its analysis of I-Bank civil service classifications and compensation levels.

BACKGROUND

Original Contract. The I-Bank Board approved a contract between CPS and the I-Bank on June 19, 2007 (CPS Contract), under which CPS would provide the I-Bank with personnel services more specifically described in the table set forth in the "Analysis" section of this staff report.

Contract Term. The CPS Contract, as reinstated, amended and extended by the Board in October of 2008, will expire on June 30, 2010.

Contract Amount. The CPS Contract remains at the original contract amount of \$94,900. To date, \$31,401.46 remains unexpended.

Prior Reports. See Attachment A for staff report dated June 19, 2007, and Resolution No. 07-19 for a further description of the need for services and original scope of work. See Attachment B for staff report dated October 28, 2008 and Resolution No. 08-32.

ANALYSIS

Status of CPS Contract Scope of Work. The following chart lists the required CPS Contract scope of work and the current status:

Scope of Work	Status
1. CPS will review the current organizational structure to determine if the I-Bank is organized in the most efficient and cost-effective manner. As a part of this effort, CPS will recommend needed staffing or organizational changes. CPS will meet with program management to identify specific problem areas and develop possible solutions; if additional staffing is needed, CPS will draft the necessary BCP and supporting documentation, present the BCP to I-Bank executive staff, and, if requested, provide assistance to the I-Bank in presenting the BCP to BTH by the Agency-imposed deadline of August, 2007, so that positions can be	<ul style="list-style-type: none">• Summer 2007--CPS conducted a study of the I-Bank's organizational structure and staffing needs and• completed a budget change proposal which ultimately assisted the I-Bank in obtaining 5 new positions.• December 2007--CPS completed analysis and the preparation of the DPA and State Personnel Board (SPB) packages to reclassify the I-Bank's Staff Counsel IV (I-Bank General Counsel position) to a Career Executive Assignment (CEA) 5.• May 2008--CPS completed work on a DPA justification memo to convert a Senior

established as part of the Fiscal Year 2008-2009 budget.	Accounting Officer – Specialist position to an Accounting Administrator II.
<p>2. CPS will review current classifications used by the I-Bank in their Bond Finance Unit, the Infrastructure State Revolving Fund (ISRF) unit, and the Credit Support Unit to determine how the classification plan can best meet today's I-Bank program needs. As part of this effort, CPS will:</p> <p>(a) review the classes and organizational construct of other agencies performing similar work, including but not limited to, Housing and Community Development, California Housing and Finance Agency, Treasurer's Office, and the Transportation Finance Bank;</p> <p>(b) review and analyze job audit information from all current incumbents to identify critical skill sets for successful performance in the job;</p> <p>(c) review and analyze recent recruitment, retention, and turnover data;</p> <p>(d) review readily available information with respect to compensation paid by other public and private employers for similar occupations;</p> <p>(e) if additional data is necessary, conduct a labor market study regarding these or similar occupations;</p>	<ul style="list-style-type: none"> • Summer 2007--CPS determined that the loan officer series specifications should be reviewed and aligned with current I-Bank tasks and duties. • Completed by CPS in 2007. • A job analysis for the relevant positions is ongoing: <ul style="list-style-type: none"> ○ Position description questionnaires and staff interviews; task lists for each loan officer classification; the analysis of loan officer specifications knowledge, skills and abilities; and the linkage and selection plan documents have been completed with CPS guidance. ○ CPS is to finalize an analysis of the current Loan Officer series specifications in relation to the job analysis results. • Completed by CPS in 2007. • November 2007--CPS completed a survey of the Loan Officer series pay levels compared to comparable pay of other State financial jobs, and prepared the Department of Personnel Administration's (DPA) compensation request forms recommending an across-the-board 5% pay increase for all the Loan Officers series classes. DPA has not approved any pay increase proposals due to ongoing budgetary concerns. • Not yet completed.

(f) draft language and supporting documentation for modifications to existing classifications or, if necessary, draft proposed new specifications for consideration by DPA and SPB; if requested, assist in the presentation and discussion of these proposals with the control agencies.	Not yet completed.
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All work performed to date by CPS as authorized by the CPS Contract has been satisfactory.

Reasons for Extension: The delay in the completion of the CPS Contract scope of work is due to:

1. Insufficient I-Bank staff availability to complete CPS job analysis assignments generally resulting from: increased bond workloads associated with the deterioration in the financial capital markets caused by the housing market meltdown in 2008 and 2009, which resulted in significant bond refundings and liquidations of I-Bank investments; staff time spent over a year period planning and executing a move of operations in March 2009, and furloughs that began in February 2009 and are still ongoing.
2. Multiple CPS Contract assignments assigned to the same CPS staff requiring prioritizing of assignments, and other CPS workloads having higher priority than CPS Contract assignments.

Contract Extension Date/No Cost Increase. Based upon tasks completed to date, the remaining CPS Contract tasks include a labor market survey (and given the current economic climate is to only involve an survey of comparable State jobs), and modifications to the existing Loan Officer Series class specification along with the concomitant control agency review. CPS' initial recommendation is likely to include a proposal to amend the Loan Officer class into a service-wide class, which will involve the review and approval of the proposed class specification amendments by other interested State agencies and departments.

Given the remaining CPS Contract tasks to complete, both CPS and I-Bank staff believe that a contract extension to June 30, 2011 should ensure sufficient time to adequately complete the remaining tasks to be completed. CPS and I-Bank staff have determined that there is sufficient funding in the contract to cover costs for the remaining scope of work to be completed. As such, no contract funding augmentation is deemed necessary.

RECOMMENDATION

Staff recommends approval of Resolution 10-23 authorizing an extension to the human resources consulting services contract with Cooperative Personnel Services to extend the contract term to June 30, 2011, with no additional contract funds.

ATTACHMENT A

Staff Report dated June 19, 2007

Resolution No. 07-19

CALIFORNIA INFRASTRUCTURE AND ECONOMIC DEVELOPMENT BANK (I-BANK)

STAFF REPORT

SUMMARY

Staff recommends that the Board approve an interagency agreement between the I-Bank and Cooperative Personnel Services (CPS) to assist the I-Bank with organizational staffing needs, civil service classification and compensation analyses.

BACKGROUND

Since 1998, when Governor Wilson sought and obtained a \$50 million appropriation for the I-Bank, the bank has financed over \$6.5 billion in hundreds of local infrastructure projects in all parts of California. Projects range from \$3 million for the Brawley Wastewater Treatment Plant Expansion to \$1.6 billion for the east span of the San Francisco Bay Bridge; \$7.8 million for the Trinity Public Utilities District Distribution and Transmission Capital Improvement Project to \$750 million for the California Insurance Guarantee Association. During that same period, the I-Bank lost four key people due to the closure of the Technology, Trade and Commerce Agency, and lost four positions during the across-the-board budget cuts of Fiscal Year 2002-2003. The I-Bank operates with the remaining 20 positions today, running the Administration's key infrastructure financing entity and representing the Governor in the capital markets. The I-Bank does not have any personnel, legislative, communications, or contract services professionals or secretarial positions on staff.

I-Bank staff has attempted over the past several years to address these issues on a case-by-case basis. Resolving personnel issues within the state system is an arduous and complex task requiring many weeks of work by individuals with a high degree of familiarity with the system. Due in large part to the understaffing, current I-Bank staff has only been able to respond to the most urgent problems and has never had the time or expertise to attempt an overall resolution.

While the I-Bank has explored several alternatives for managing the workload as described above, it has become clear that the I-Bank's diverse and complex challenges in this area would best be resolved by an overall analysis of our current personnel and organizational structures.

ANALYSIS

I-Bank staff concluded that it would be advantageous to obtain the assistance of an organization with the qualifications and capacity to assist the I-Bank with organizational staffing needs, civil service classification and compensation analyses. Based upon internal discussions and conversations with other state agencies and departments, staff believes that CPS has extensive expertise and experience to provide such services.

CPS is a self-supporting governmental agency committed to improving human resources in the public sector. CPS offers a full range of human resource products and services for all levels of government, school districts, colleges and universities, and nonprofit organizations throughout the United States and Canada. CPS has provided testing and human resource management services to public agencies for more than 70 years and has significant experience integrating strategic planning, program management, human resources practices and budget requirements into a comprehensive workforce plan.

Prior to being established as a joint powers agency in July 1985, CPS was a unit of the California State Personnel Board. CPS was created in 1935 to provide personnel management assistance to local governments in California and helped establish the personnel systems for several cities and counties in California. CPS has provided consulting services to many state agencies, including the California Highway Patrol, California Energy Commission, Department of Food and Agriculture, Board of Equalization, Contractors' State License Board, Department of Veterans' Affairs, Department of General Services, California Department of Transportation, Department of Managed Health Care and California Exposition and State Fair.

CPS is based in Sacramento with regional offices in Washington, D.C. and Wisconsin, and utilizes a network of consultants that include former state and local government human resource executives. Specifically, CPS is staffed by former DPA and DOF high-level personnel with decades of experience with these issues. In fact, the consultant who would manage the consulting services that would be provided to the I-Bank is Michael Navarro, the immediate past Director of the California Department of Personnel Administration. CPS has agreed to provide the I-Bank with classification/compensation and related management consulting services, which may culminate in the preparation of a Budget Change Proposal (BCP) for submittal to the Business, Transportation and Housing Agency (BTH) by August for consideration in the Fiscal Year 2008-2009 budget. Without the unique expertise and assistance of CPS, we estimate that this project would add at least another year to this timeframe, and would be an additional burden that could be extremely harmful to the I-Bank in continuing to carry out its diverse mission successfully.

As the Administration's general purpose financing authority, the I-Bank has established a sterling reputation in the capital markets and gained expertise in a variety of financings. This year, the I-Bank can begin to establish ongoing mechanisms to refine the enabling legislation and protect the I-Bank from inconsistent legislative proposals; expand the communications capability to make more qualified borrowers aware of I-Bank programs; and streamline our personnel activities, taking the burden off existing personnel. To accomplish these goals, CPS will assist the I-Bank with organizational staffing needs, civil service classification and compensation analyses as described below.

1. CPS will review the current organizational structure to determine if the I-Bank is organized in the most efficient and cost-effective manner. As a part of this effort, CPS will recommend needed staffing or organizational changes. CPS will meet

with program management to identify specific problem areas and develop possible solutions; if additional staffing is needed, CPS will draft the necessary BCP and supporting documentation, present the BCP to I-Bank executive staff, and, if requested, provide assistance to the I-Bank in presenting the BCP to BTH by the Agency-imposed deadline of August, 2007, so that positions can be established as part of the Fiscal Year 2008-2009 budget.

2. CPS will review current classifications used by the I-Bank in their Bond Finance Unit, the Infrastructure State Revolving Fund (ISRF) unit, and the Credit Support Unit to determine how the classification plan can best meet today's I-Bank program needs. As part of this effort, CPS will: (a) review the classes and organizational construct of other agencies performing similar work, including but not limited to, Housing and Community Development, California Housing and Finance Agency, Treasurer's Office, and the Transportation Finance Bank; (b) review and analyze job audit information from all current incumbents to identify critical skill sets for successful performance in the job; (c) review and analyze recent recruitment, retention, and turnover data; (d) review readily available information with respect to compensation paid by other public and private employers for similar occupations; (e) if additional data is necessary, conduct a labor market study regarding these or similar occupations; (f) draft language and supporting documentation for modifications to existing classifications or, if necessary, draft proposed new specifications for consideration by DPA and SPB; if requested, assist in the presentation and discussion of these proposals with the control agencies.
3. Identify alternative methods of meeting the administrative support services needs (e.g., personnel, marketing, legislation, budgets, accounting, contracts) of the I-Bank. This project will include an assessment of how to improve existing services under the current arrangement between the I-Bank and the California Highway Patrol, will identify other possible entities that can provide these services, and assess the viability of developing a "stand-alone" administrative support services unit within the I-Bank organization. (If the decision is made to establish a "stand-alone" administrative support services unit within the I-Bank organization, additional staff time would be required to develop the requisite BCPs to establish the positions. This proposal, as submitted, does not include estimates of cost should this alternative be selected.)

Upon Board approval, the I-Bank will enter into an interagency agreement with CPS in accordance with Section 3.06 of the State Contracting Manual, which specifies that: "Agreements for services and consultant services do not require competitive bids or proposals if the contract is with ... a local governmental entity or agency, including those created as a Joint Powers Authority (JPA)". As stated above, CPS was established as a JPA in 1985; therefore, no competitive bids or proposals are required in securing classification/compensation and related management consulting services through this governmental agency.

The hourly rates to be charged by CPS are consistent with all other interagency agreements executed by CPS this fiscal year.

RECOMMENDATION

Staff recommends approval of Resolution 07-19 to authorize an interagency agreement between the I-Bank and Cooperative Personnel Services in an amount not to exceed \$94,900 to assist the I-Bank with organizational staffing needs, civil service classification and compensation analyses.

RESOLUTION 07-19

**RESOLUTION OF THE CALIFORNIA INFRASTRUCTURE AND ECONOMIC
DEVELOPMENT BANK AUTHORIZING A CONTRACT WITH COOPERATIVE
PERSONNEL SERVICES**

WHEREAS, the California Infrastructure and Economic Development Bank (the "I-Bank") is statutorily responsible for a wide spectrum of financial assistance requiring staff and consultant services with expertise consistent with those statutory responsibilities; and

WHEREAS, it is important to periodically review the mandates for the I-Bank in relation to the staffing and consultant services utilized by the I-Bank, and

WHEREAS, it would be advantageous to obtain the assistance of an organization with the qualifications and capacity to assist the I-Bank with organizational staffing needs, civil service classification and compensation analyses; and

WHEREAS, Cooperative Personnel Services has provides similar services to numerous State of California departments and agencies over an extended period of time.

NOW THEREFORE, BE IT RESOLVED by the Board of Directors of the I-Bank as follows:

Section 1. The I-Bank hereby authorizes the execution of a contract with Cooperative Personnel Services in a total amount not to exceed \$94,900 to assist the I-Bank with organizational staffing needs, civil service classification and compensation analyses.

Section 2. This resolution shall become effective upon adoption.

PASSED, APPROVED AND ADOPTED this 19th day of June 2007, by the following vote:

AYES: Ashley, Lujano, Sheehan, Harvey, Rice

NOES: None

ABSENT: None

ABSTAIN: None


Stanton C. Hazelroth, Executive Director

ATTEST:


Barbara Lewis, Secretary

ATTACHMENT B

Staff Report dated October 28, 2008

Resolution No. 08-32

CALIFORNIA INFRASTRUCTURE AND ECONOMIC DEVELOPMENT BANK (I-BANK)

STAFF REPORT

SUMMARY

Staff recommends the Board approve an amendment to the agreement between the I-Bank and Cooperative Personnel Services (CPS) to extend the term of the agreement to allow CPS sufficient time to complete the personnel services related to I-Bank organizational staffing needs, civil service classification and compensation analyses. Staff also requests the Board approve a modification of the contract scope of work to eliminate a contract component that is deemed to no longer be necessary.

BACKGROUND

Original Scope of Work:

The I-Bank Board approved a contract between CPS and the I-Bank on June 19, 2007, under which CPS would provide the I-Bank with the following personnel services projects:

1. Review the current organizational structure to determine if the I-Bank is organized in the most efficient and cost-effective manner, including staffing levels so that positions can be established as part of the Fiscal Year 2008-2009 budget.
2. Review current classifications used by the I-Bank to determine how the classification plan can best meet today's I-Bank program needs (job audit, labor market analysis, pay audit, classification review/amendments, related justifications and paperwork to effect necessary amendments).
3. Identify alternative methods of meeting the administrative support service needs (e.g., personnel, marketing, legislation, budgets, accounting, contracts) of the I-Bank.

(See Attachment A for staff report dated June 19, 2007, for a further description of the need for services and original scope of work.)

Contract Amount: The amount of the contract is \$94,900. Billings in the amount of \$54,041.04 have been submitted to date, leaving a contract balance of \$40,858.96.

Contract Term: The term of the contract was from July 1, 2007 to June 30, 2008.

ANALYSIS

Contract accomplishments to date:

1. Organizational structure review:
 - a. CPS conducted a study of the I-Bank's organizational structure and staffing needs during Summer 2007, and completed a budget change proposal in August 2008 for nine new positions. The I-Bank was successful in obtaining

- 5 new positions in September 2008 with the approval of the 2008-2009 State budget.
- b. CPS completed a survey of the Loan Officer series pay levels compared to comparable pay of other State financial jobs, and prepared the Department of Personnel Administration's (DPA) compensation request forms recommending an across-the-board 5% pay increase for all the Loan Officers series classes in November 2007. DPA has not approved any pay increase proposals due to budgetary concerns.
 - c. Completed analysis and the preparation of the DPA and State Personnel Board (SPB) packages to reclassify the I-Bank's Staff Counsel IV (I-Bank General Counsel position) to a Career Executive Assignment (CEA) 5 in December 2007. The I-Bank's existing General Counsel was retiring, and it was determined that a CEA classification was necessary to fill the position. Additional work on the position reclassification packages and negotiations with DPA and SPB was completed by I-Bank staff in January through April, 2008. The CEA 5 was successfully approved by DPA and SPB in April 2008. The position was filled in September 2008.
 - d. CPS completed work on a DPA justification memo to convert a Senior Accounting Officer – Specialist position to an Accounting Administrator II in May, 2008. A draft memo was submitted to the I-Bank in May, 2008. *This task is not yet completed.*
2. Review current classifications
 - a. CPS began work on the analysis and potential revisions to classifications utilized by the I-Bank, specifically the Loan Officer Series class specifications, in July, 2007. I-Bank staff completed detailed position description questionnaires in July/August 2007. CPS conducted extensive interviews with all I-Bank Loan Officers over a period of several months in Spring 2008¹. *This task is not yet completed.*
 3. Identify alternative methods of meeting the administrative support services. No work has been performed on this project.

All work performed to date by CPS as authorized by the contract has been satisfactory.

Reasons for Extension:

1. In addition to a budget change proposal for nine new I-Bank positions, several I-Bank organizational structure assignments were determined to be important to the overall efficiency and effectiveness of the I-Bank and within the scope of the contract. These assignments included the DPA proposal for Loan Officer compensation, the General Counsel position classification conversion from Staff Counsel IV to a CEA 5, and the Accounting Administrator II justification. Completion of these assignments delayed work on other assignments under the contract.
2. Due to work load issues, I-Bank Executive Staff was not always available to assist CPS staff, causing delays in the completion of some parts of the original work

¹ Work on this assignment was delayed since the same CPS staff also worked on the Staff Counsel conversation to a CEA assignment.

3. scope. Delays were principally caused by workload associated with the deterioration in the financial capital markets over the last year, including:
 - a. The refinancing of hundreds of millions of dollars of I-Bank conduit bonds bearing variable rate interest, including rates set at auction, insured or secured by companies facing market rating downgrades in order to reduce and stabilize borrowing costs for conduit borrowers;
 - b. The refinancing of auction rate bonds issued by the I-Bank to fund a loan to the Oakland School District which, because of the established repayment mechanism (through the Department of Education's funding for the district) resulted in savings to the State's General Fund;
 - c. The liquidation of two long-term investment contracts for the investment of the proceeds of two series of ISRF Program Bonds, including negotiations of contract amendments and termination payments.

In addition, delays were caused by workload associated with the issuance of new fixed rate bonds to provide additional necessary funding to leverage the I-Bank's Infrastructure State Revolving Fund (ISRF) Program.

Amendment to Contract Scope Of Work:

Upon reconsideration of the contract scope of work, I-Bank staff has determined that there is no longer a need to complete the scope of work item involving the identification of alternative methods of meeting the I-Bank's administrative support services. Staff has determined that the administrative services (personnel, accounting and budgets) currently provided by the California Highway Patrol are sufficient for the foreseeable future. As such, staff recommends deleting this scope of work from the contract.

Contract Extension Date/No Cost Increase:

Given that a portion of the scope of work to be completed (Loan Officer series specification revisions and related pay/labor market studies, and the Accounting Administrator II justification) will likely involve the submittal of written requests and justifications to both DPA and SPB, and that it is impossible for staff to adequately gauge the amount of time necessary for these control agencies to complete their review and approval processes, staff recommends extending the contract term from one year to three years—from July 1, 2007 through June 30, 2010 to ensure sufficient time to adequately complete the remaining tasks to be completed.

CPS and I-Bank staff have determined that there is sufficient funding in the contract to cover costs for the remaining scope of work to be completed. As such, no contract funding augmentation is deemed necessary.

RECOMMENDATION

Staff recommends approval of Resolution 08-32 to authorize an amendment to the agreement between the I-Bank and Cooperative Personnel Services to extend the term of the contract to June 30, 2010 and to amend the scope of work to delete the identification of alternative methods of meeting the I-Bank's administrative support services.

RESOLUTION 08-32

**RESOLUTION OF THE CALIFORNIA INFRASTRUCTURE AND ECONOMIC
DEVELOPMENT BANK AUTHORIZING AN EXTENSION OF THE TERM AND
AMENDMENT TO THE SCOPE OF WORK OF A CONTRACT WITH COOPERATIVE
PERSONNEL SERVICES**

WHEREAS, in June, 2007, the California Infrastructure and Economic Development Bank (the "I-Bank") authorized the execution of a contract with Cooperative Personnel Services, a joint powers agency offering a full range of human resource products and services to State government entities ("CPS") in an amount not to exceed \$94,900 for the purpose of analyzing the I-Bank's organizational staffing needs, use of civil service classifications and compensation ranges; and

WHEREAS, a one year contract in the amount of \$94,900 was subsequently entered into between the I-Bank and CPS pursuant to which CPS was to review the I-Bank's organizational structure in order to establish positions in the Fiscal Year 2008-09 Budget; review the appropriateness of the job classifications used by the I-Bank; and identify alternative methods of meeting the administrative support service needs of the I-Bank; and

WHEREAS, CPS provided a variety of valuable services to the I-Bank pursuant to the scope of work of the contract, but due to the extensive workload of I-Bank staff in the prior fiscal year due to the effects of the growing liquidity crisis in the capital markets, CPS was not able to work with I-Bank staff in order to provide the full scope of services contracted for within the term of the contract; and

WHEREAS, I-Bank staff has concluded that there is no longer a need for the scope of work item for the identification of alternative methods of meeting the I-Bank's administrative support services needs; and

WHEREAS, billings in the amount of \$54,041.04 have been submitted to date, leaving a balance of \$40,858.96.

NOW THEREFORE, BE IT RESOLVED by the Board of Directors of the I-Bank as follows:

Section 1. The reinstatement or renewal of the contract between the I-Bank and CPS is hereby authorized and directed for the purpose of extending the term thereof to June 30, 2010, and the amendment of the scope of work of the contract to eliminate the identification of alternative methods of meeting the I-Bank's administrative support services needs as an item of work.

Section 2. The Executive Director, the Chair of the I-Bank or the designee of the Chair, each acting alone, is hereby authorized to execute and deliver the reinstated or renewed and amended contract authorized by this Resolution.

Section 3. This resolution shall become effective upon adoption.


PASSED, APPROVED AND ADOPTED this 28th day of October 2008, by the following vote:

AYES: Bonner, Sheehy, Carroll, Rice

NOES: Marin

ABSENT: None

ABSTAIN: None



Stanton C. Hazelroth, Executive Director

ATTEST:



Roma Cristia-Plant, Secretary